
DEPARTMENT OF COMMERCE**International Trade Administration****[A-588-862]****Notice of Initiation of Antidumping
Duty Investigation: High and Ultra-High
Voltage Ceramic Station Post
Insulators from Japan****AGENCY:** Import Administration,
International Trade Administration,
Department of Commerce.**ACTION:** Initiation of Antidumping Duty
Investigation.

EFFECTIVE DATE: January 28, 2003.**FOR FURTHER INFORMATION CONTACT:**
Timothy Finn or Michele Mire at (202)
482-0065 or (202) 482-4711,
respectively; Import Administration,
International Trade Administration,
U.S. Department of Commerce, 14th
Street and Constitution Avenue, NW,
Washington, DC 20230.**Initiation of Investigation****The Petition**

On December 31, 2002, the Department of Commerce (the Department) received a petition filed in proper form by Lapp Insulator Company LLC (Lapp), Newell Porcelain Co., Inc. (Newell), Victor Insulators, Inc. (Victor), and the IUE Industrial Division of the Communications Workers of America, the union representing employees of Lapp (collectively, petitioners). The Department received information supplementing the petition on January 14, 2003.

In accordance with section 732(b) of the Tariff Act of 1930, as amended (the Act), the petitioners allege that imports of high and ultra-high voltage ceramic station post insulators from Japan (hereinafter referred to as subject merchandise or station post insulators) are being, or are likely to be, sold in the United States at less than fair value

within the meaning of section 731 of the Act, and that such imports are materially injuring, or are threatening to materially injure, an industry in the United States.

The Department finds that the petitioners filed this petition on behalf of the domestic industry because they are interested parties as defined in sections 771(9)(C) and 771(9)(D) of the Act and have demonstrated sufficient industry support with respect to the antidumping duty investigation that they are requesting the Department initiate (see the "Determination of Industry Support for the Petition" section below).

Scope of Investigation

The scope of this investigation covers station post insulators manufactured of porcelain, of standard strength,¹ high strength, or extra-high strength, solid core or cavity core, single unit or stacked unit, assembled or unassembled, and with or without hardware attached, rated at 115 kilovolts (kV) voltage class and above (550 kilovolt Basic Impulse Insulation Level (BIL) and above), including, but not limited to, those manufactured to meet the following American National Standards Institute, Inc. (ANSI) standard class specifications: T.R.-286, T.R.-287, T.R.-288, T.R.-289, T.R.-291, T.R.-295, T.R.-304, T.R.-308, T.R.-312, T.R.-316, T.R.-362 and T.R.-391. Subject merchandise is classifiable under subheading 8546.20.0060 of the Harmonized Tariff Schedule of the United States (HTSUS) Annotated. While the HTSUS subheading is provided for convenience and U.S. Customs purposes, the written description above remains dispositive as to the scope of the investigation.²

During our review of the petition, we sought additional information from the petitioners concerning the scope of the investigation. As a result of this supplemental information, we modified the scope language proposed by the petitioners with regard to the voltage class of subject merchandise covered. The petitioners proposed that the scope

cover subject merchandise rated at greater than 69 kV voltage class and above (350 kV BIL and above). However, the petitioners noted that they do not manufacture station post insulators with service class ratings between 69 kV and 115 kV. Thus, for purposes of this proceeding, we changed the voltage class of covered merchandise to 115 kV and above.

As discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by February 10, 2003. Comments should be addressed to the Import Administration's Central Records Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determination. See the *Import Administration AD Investigation Checklist*, dated January 21, 2003 (*Initiation Checklist*) (public version on file in the Central Records Unit of the Department of Commerce, Room B-099).

Determination of Industry Support for the Petition

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The United States International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding domestic like product (see section 771(10) of the Act), they do so for different purposes and pursuant to their separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.³

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," i.e., the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

In this petition, the petitioners do not offer a definition of domestic like product distinct from the scope of this investigation. Thus, based on our analysis of the information presented to the Department by the petitioners, we have determined that there is a single domestic like product, which is defined in the "Scope of Investigation" section above, and have analyzed industry support in terms of this domestic like product.

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) at least 25 percent of the total production of the domestic like product; and, (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Information contained in the petition demonstrates that the domestic producers or workers who support the petition account for over 50 percent of the total production of the domestic like product. Therefore, the requirements of section 732(c)(4)(A)(i) are met. See *Initiation Checklist*. Furthermore, because the Department received no opposition to the petition, and because the domestic producers or workers who support the petition account for more than 50 percent of the domestic industry, they also account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. See *Initiation Checklist*. Thus, the requirements of section 732(c)(4)(A)(ii) are met.

Accordingly, the Department determines that the petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. See *Initiation Checklist*.

Partial Dismissal of Petition, 56 FR 32376, 32380-81 (July 16, 1991).

¹ Station post insulators are manufactured in various styles and sizes, and are classified primarily according to the voltage they are designed to withstand. Under the governing industry standard issued by the Institute of Electrical and Electronic Engineers (IEEE), the voltage spectrum is divided into three broad classes: "medium" voltage (i.e., less than or equal to 69 kilovolts), "high" voltage (i.e., from 115 to 230 kilovolts), and "extra-high" or "ultra-high" voltage (i.e., greater than 230 kilovolts).

² HTSUS subheading 8546.20.00 includes ceramic electrical insulators in general. Station post insulators are classified under HTSUS number 8546.20.0060 which also includes non-subject merchandise.

³ See *Algoma Steel Corp. Ltd., v. United States*, 688 F. Supp. 639, 642-44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass Therefore from Japan: Final Determination; Rescission of Investigation and*

Period of Investigation

The anticipated period of investigation (POI) is October 1, 2001 through September 30, 2002.

Constructed Export Price and Normal Value

The following is a description of the allegation of sales at less than fair value upon which the Department has based its decision to initiate this investigation.

Constructed Export Price

The petitioners identified NGK Insulators, Ltd. (NGK) and its wholly-owned U.S. subsidiary, Locke Insulators, Inc. (Locke), as the primary producer/exporter and importer of subject merchandise.⁴ The petitioners believe that Locke acts as a purchaser and reseller of subject merchandise produced by NGK; therefore, the petitioners calculated a constructed export price (CEP). The starting price for CEP is a simple average of two price quotes for NGK merchandise during the POI. These price quotes, which are for a particular model of subject merchandise, are identified in affidavits filed by representatives of two of the petitioning companies (Lapp and Victor) and were obtained from a customer and sales agent.

The petitioners calculated net U.S. price by deducting from the starting price U.S. sales commissions, inventory carrying costs, U.S. warehousing expenses, U.S. imputed credit expenses, foreign inland freight, ocean freight, U.S. customs duty and fees, U.S. inland freight, U.S. indirect selling expenses, and an amount for CEP profit. See *Initiation Checklist*.

Normal Value

The starting price for normal value (NV) is a weighted-average of four home market price quotes that were obtained through foreign market research. These price quotes, which were made during the POI, are for subject merchandise of the same grade as that of the merchandise for which U.S. price quotes were obtained. The petitioners made circumstance of sale adjustments to NV for imputed credit expenses, as well as adjustments for packaging costs and inland freight expenses.

Based upon a comparison of CEP to NV, the petitioners calculated an estimated dumping margin of 105.8 percent.

Fair Value Comparisons

Based on the data provided by the petitioners, there is reason to believe that imports of subject merchandise from Japan are being, or are likely to be, sold in the United States at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than NV. The volume of imports from Japan, using the latest available data, exceeded the statutory threshold of three percent for a negligibility exclusion. See section 771(24)(A)(i) of the Act. The petitioners contend that the industry's injured condition is evidenced in the declining trends in operating profits, decreased U.S. market share, and price suppression and depression. The allegations of injury and causation are supported by relevant evidence including U.S. Customs import data, domestic consumption, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and have determined that these allegations are properly supported by accurate and adequate evidence and meet the statutory requirements for initiation. See *Initiation Checklist*.

Initiation of Antidumping Investigation

Based on our examination of the petition on station post insulators from Japan, and the petitioners' response to our supplemental questionnaire clarifying the petition, we find that the petition meets the requirements of section 732 of the Act. See *Initiation Checklist*. Therefore, we are initiating an antidumping duty investigation to determine whether imports of station post insulators from Japan are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determination no later than 140 days after the date of this initiation.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the government of Japan. We will attempt to provide a copy of the public version of the petition to each exporter named in the petition, as appropriate.

International Trade Commission Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determination by the ITC

The ITC will determine, no later than February 14, 2003, whether there is a reasonable indication that imports of subject merchandise from Japan are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: January 21, 2003.

Faryar Shirzad,

Assistant Secretary for Import Administration.

[FR Doc. 03-1899 Filed 1-27-03; 8:45 am]

BILLING CODE 3510-DS-S

⁴ The petitioners also identified Daito Co., Ltd., and Koransha Co., Ltd. as Japanese producers of station post insulators but stated that they were not aware of any exports of such merchandise by these companies to the United States.